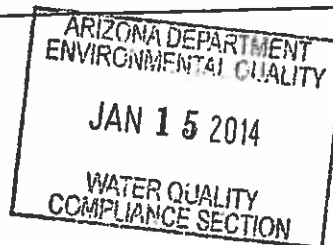




100333  
Energy Fuels Resources (USA) Inc.  
225 Union Blvd. Suite 600  
Lakewood, CO, US, 80228  
303 974 2140  
[www.energyfuels.com](http://www.energyfuels.com)

January 13, 2014

Marcia Colquitt  
Division of Water Quality  
Arizona Department of Environmental Quality  
Water Quality Compliance Section  
1110 West Washington Street  
Phoenix, AZ 85007



**Re: Canyon Mine Non-Stormwater Impoundment 3.04 General Aquifer Protection Permit No. P-100333 Fourth Quarter and Annual Report for 2013 Water Quality Report**

Dear Mr. Colquitt:

Energy Fuels Resources (USA) Inc. ("EFRI") began discharging to the Canyon Mine (the "Mine") Non-Stormwater Impoundment in July 2013 in accordance with Mine Non-Stormwater Impoundment 3.04 General Aquifer Protection Permit (the "APP") No. P-100333. On November 4, 2013 EFRI placed the Mine on standby status. EFRI notified ADEQ of this change in status via e-mail on November 6, 2013. The temporary shutdown is due to the current low price of uranium on the spot market. EFRI will recommence constructive activities when market conditions are more favorable. The Mine shaft will continue to be dewatered during the temporary shutdown and all monitoring will continue in accordance with the APP.

EFRI recommenced sinking the Mine shaft during the fourth quarter of 2012. The collar was set and the shaft was sunk to 50 feet prior to the Mine being placed on standby in 1990. As of the end of the fourth quarter 2013, the shaft has been sunk to a depth of approximately 300 feet. Mine development and mining will not commence until the shaft reaches a depth of approximately 1600 feet. The shaft is located to the side of the ore body and as a result, has not and will not penetrate the ore body. At the time the sump levels are reached, EFRI will be able to survey and perform Klinkenberg testing on the mine sumps required by Section 1.ii of the APP.

In addition to the requirements found in the APP and in the Arizona Administrative Code (A.A.C.) R18-9-D304, EFRI agreed to the following voluntary condition:

**"2. Mine Shaft Sump Monitoring**

i. EFRI agrees to measure the daily volume of water pumped from the underground mining areas, and conduct periodic sampling for the water pumped from the underground mining areas as follows:

EFRI will sample water pumped from the underground mining areas at the point the water discharges to the non-stormwater impoundment on a quarterly basis for the parameters set forth in Table 1 of the permit. If there is no water pumped during a particular quarter, then no sample will be required. EFRI will report to ADEQ the results of the daily volume of water pumped and quarterly sampling within 30 days of the end of each of the first two quarters of operation, and on an annual basis thereafter.

2013 Annual Report

ii. If the sampling results suggest that aquifer water quality standards could be exceeded in groundwater beneath the mine given the depth to groundwater at the mine, EFRI will increase the frequency of pumping to mitigate any risk to groundwater."

In accordance with this permit condition, EFRI is providing this report as the fourth quarter and Annual report for 2013. The fourth quarter of 2013 is the second quarter of pumping operations, and this report is the second of two required quarterly reports. Reporting will be annual hereafter. The attached Table 1 includes the daily volume of water pumped from the shaft during the quarter as the shaft is being sunk.

All water pumped from the shaft into the non-stormwater impoundment is discharged in accordance with the approved Stormwater Pollution Prevention Plan ("SWPPP"). Monthly SWPPP inspections are conducted to ensure all discharge procedures and best management practices ("BMPs") are in compliance. A summary of the monthly inspections and BMPs will be described in the annual SWPPP report due July 15, 2014.

The attached Table 2 includes a summary of the analytical results for the fourth quarter 2013 water samples, collected when the Mine is pumping water from the shaft into the non-stormwater impoundment, as required by Section 2.i of the APP. EFRI Field Personnel collected a sample and a duplicate from the discharge point into the non-stormwater impoundment on October 28, 2013. The samples were analyzed by an Arizona state certified laboratory, TestAmerica Laboratories, Inc., for the parameters found on Table 1 of the APP. The complete data package is provided as Attachment 1. As the pumped water has entered the shaft well above the ore body, the analytical results can be considered to represent background groundwater quality at that depth.

Please let me know if you have any questions or comments regarding the enclosed information. I can be reached at 303-389-4160.

Yours very truly,

ENERGY FUELS RESOURCES (USA) INC.



Harold R. Roberts  
Executive Vice President and Chief Operating Officer

cc: Frank Filas  
Alex Morgan  
Kathy Weinell  
Danny Flannery

## Tables

**Table 1**  
**Canyon Mine Daily Volume of Water Pumped from Underground Mining Areas during the Fourth Quarter of 2013**

Date	Gallons Pumped (GA/D)	Date	Gallons Pumped (GA/D)	Date	Gallons Pumped (GA/D)
<b>October 2013</b>		<b>November 2013</b>		<b>December 2013</b>	
10/1/2013	6,473	11/1/2013	No Water Pumped	12/1/2013	No Water Pumped
10/2/2013	6,474	11/2/2013	No Water Pumped	12/2/2013	No Water Pumped
10/3/2013	6,474	11/3/2013	No Water Pumped	12/3/2013	No Water Pumped
10/4/2013	No Water Pumped	11/4/2013	No Water Pumped	12/4/2013	19,296
10/5/2013	No Water Pumped	11/5/2013	No Water Pumped	12/5/2013	9,930
10/6/2013	No Water Pumped	11/6/2013	No Water Pumped	12/6/2013	No Water Pumped
10/7/2013	6,474	11/7/2013	No Water Pumped	12/7/2013	No Water Pumped
10/8/2013	6,474	11/8/2013	No Water Pumped	12/8/2013	No Water Pumped
10/9/2013	6,474	11/9/2013	No Water Pumped	12/9/2013	No Water Pumped
10/10/2013	6,474	11/10/2013	No Water Pumped	12/10/2013	19,024
10/11/2013	No Water Pumped	11/11/2013	No Water Pumped	12/11/2013	7,542
10/12/2013	No Water Pumped	11/12/2013	No Water Pumped	12/12/2013	No Water Pumped
10/13/2013	No Water Pumped	11/13/2013	No Water Pumped	12/13/2013	No Water Pumped
10/14/2013	6,474	11/14/2013	No Water Pumped	12/14/2013	No Water Pumped
10/15/2013	6,474	11/15/2013	No Water Pumped	12/15/2013	No Water Pumped
10/16/2013	6,474	11/16/2013	No Water Pumped	12/16/2013	No Water Pumped
10/17/2013	6,474	11/17/2013	No Water Pumped	12/17/2013	15,991
10/18/2013	No Water Pumped	11/18/2013	No Water Pumped	12/18/2013	10,147
10/19/2013	No Water Pumped	11/19/2013	10,972	12/19/2013	No Water Pumped
10/20/2013	No Water Pumped	11/20/2013	3,767	12/20/2013	No Water Pumped
10/21/2013	6,474	11/21/2013	8,532	12/21/2013	No Water Pumped
10/22/2013	6,473	11/22/2013	No Water Pumped	12/22/2013	No Water Pumped
10/23/2013	6,473	11/23/2013	No Water Pumped	12/23/2013	No Water Pumped
10/24/2013	6,474	11/24/2013	No Water Pumped	12/24/2013	No Water Pumped
10/25/2013	No Water Pumped	11/25/2013	13	12/25/2013	No Water Pumped
10/26/2013	No Water Pumped	11/26/2013	14,469	12/26/2013	No Water Pumped
10/27/2013	No Water Pumped	11/27/2013	No Water Pumped	12/27/2013	No Water Pumped
10/28/2013	6,473	11/28/2013	No Water Pumped	12/28/2013	No Water Pumped
10/29/2013	6,473	11/29/2013	No Water Pumped	12/29/2013	No Water Pumped
10/30/2013	6,473	11/30/2013	No Water Pumped	12/30/2013	No Water Pumped
10/31/2013	6,474			12/31/2013	54,311
<b>Total for the Quarter</b>				<b>296,994</b>	

**Table 2**  
**Canyon Mine Non-Stormwater Impoundment Sample Summary**

<b>Analytes</b>	<b>Units</b>	<b>Sample 1 10/28/2013</b>	<b>Sample 2 (duplicate) 10/28/2013</b>
<b>Metals - Total unless indicated</b>			
Antimony	mg/L	0.004	0.0041
Arsenic	mg/L	0.013	0.013
Barium	mg/L	0.15	0.17
Beryllium	mg/L	<0.001	<0.001
Cadmium	mg/L	<0.001	<0.001
Chromium	mg/L	<0.01	<0.01
Copper	mg/L	<0.01	<0.01
Iron	mg/L	2.2	2.5
Lead	mg/L	0.019	0.021
Manganese	mg/L	0.023	0.024
Mercury	mg/L	<0.0005	<0.0005
Nickel	mg/L	0.047	0.047
Selenium	mg/L	0.0073	0.0072
Thallium	mg/L	0.003	0.0031
Uranium (dissolved)	mg/L	0.0056	0.0056
Vanadium	mg/L	<0.01	<0.01
Zinc	mg/L	0.31	0.33
<b>Radionuclides - Total</b>			
Gross Alpha	pCi/L	13.8 (+/-5)	9.5 (+/-3.8)
Radium 226	pCi/L	1.86 (+/-0.49)	1.94 (+/-0.47)
Radium 228	pCi/L	0.717 (+/-0.33)	0.738 (+/-0.34)
Uranium 234	pCi/L	3.49 (+/-0.85)	3.43 (+/-0.82)
Uranium 235	pCi/L	0.156 (+/-0.13)	0.166 (+/-0.06)
Uranium 238	pCi/L	2.38 (+/-0.66)	2.36 (+/-0.64)
<b>Major Ions</b>			
Alkalinity (Total)	mg/L	240	240
Calcium	mg/L	63	64
Fluoride	mg/L	<0.4	<0.4
Magnesium	mg/L	39	39
Potassium	mg/L	<2	<2
Sodium	mg/L	24	24
Sulfate	mg/L	71	71
<b>Physical Properties</b>			
Conductivity	umhos/cm	726	726
pH (field)	S.U.	8.3	8.3
TDS	mg/L	410	400

< - Indicates that the analyte was not detected above the reporting limit.

( ) - Indicates the error term for the radiological result.